
By: **Chairman, Budget and Taxation Committee (By Request -
Departmental - Comptroller)**

Introduced and read first time: January 15, 2004

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 10, 2004

CHAPTER _____

1 AN ACT concerning

2 **Income Tax - Police, Fire, Rescue, and Emergency Personnel in an**
3 **Emergency or a Disaster Area**

4 FOR the purpose of exempting certain nonprofit organizations from certain
5 registration requirements; exempting certain income paid to certain
6 nonresident individuals from income tax; providing for the application of this
7 Act; and exempting certain income from certain income tax withholding
8 requirements.

9 BY repealing and reenacting, with amendments,
10 Article - Corporations and Associations
11 Section 7-201
12 Annotated Code of Maryland
13 (1999 Replacement Volume and 2003 Supplement)

14 BY adding to
15 Article - Tax - General
16 Section 10-210(f)
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2003 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 10-907(a)
22 Annotated Code of Maryland

1 (1997 Replacement Volume and 2003 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Corporations and Associations**

5 7-201.

6 This subtitle does not apply to:

7 (1) An insurance company subject to the provisions of the Insurance
8 Article;

9 (2) A railroad operating in this State;

10 (3) A national bank that:

11 (i) Has its main office located in this State; or

12 (ii) Does not maintain a branch in this State; [or]

13 (4) A federal credit union; OR

14 (5) A FOREIGN NONSTOCK CORPORATION WHOSE ONLY ACTIVITY IN
15 THIS STATE IS SUPPLYING POLICE, FIRE, RESCUE, OR EMERGENCY SERVICES
16 PERSONNEL ON A NONPROFIT BASIS TO ASSIST IN AN AREA COVERED BY A STATE OF
17 EMERGENCY DECLARED BY THE GOVERNOR UNDER ARTICLE 16A, § 6A OF THE CODE.

18 **Article - Tax - General**

19 10-210.

20 (F) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
21 INCOME DERIVED FROM WAGES THAT ARE EARNED IN THE STATE BY A
22 NONRESIDENT RENDERING POLICE, FIRE, RESCUE, OR EMERGENCY SERVICES IN AN
23 AREA COVERED UNDER A STATE OF EMERGENCY DECLARED BY THE GOVERNOR
24 UNDER ARTICLE 16A, § 6A OF THE CODE IF THE WAGES ARE PAID BY:

25 (1) A NONPROFIT ORGANIZATION NOT REGISTERED TO DO BUSINESS IN
26 THE STATE AND NOT OTHERWISE DOING BUSINESS IN THE STATE; OR

27 (2) A STATE, COUNTY, OR POLITICAL SUBDIVISION OF A STATE, OTHER
28 THAN THE STATE OF MARYLAND.

29 10-907.

30 (a) Income tax is not required to be withheld at the time wages are paid to a
31 nonresident [if]:

1 (1) for State income tax withholding purposes, IF the Comptroller and
2 the state in which the nonresident resides have agreed in writing to allow a reciprocal
3 exemption from tax and withholding for the wages of residents of each state that are
4 earned in the other state;

5 (2) for county income tax withholding purposes, IF:

6 (i) the nonresident derives wages from employment in a county;
7 and

8 (ii) the Comptroller determines that each locality in which the
9 nonresident resides:

10 1. imposes no tax on the income of a Maryland resident from
11 wages from employment in that locality;

12 2. exempts that income from its tax on income; or

13 3. allows a credit for that income and exempts that income
14 from the withholding requirement for its tax on income; [and]

15 (3) for tips, to the extent that the amount required to be withheld on the
16 tips causes the total withholdings for the period to exceed the available net wages
17 other than tips after deductions are made for:

18 (i) the federal income and social security taxes and income tax
19 required to be withheld on wages other than tips; and

20 (ii) the federal income and social security taxes required to be
21 withheld on the tips; OR

22 (4) IF THE WAGES ARE PAID TO AN INDIVIDUAL RENDERING POLICE,
23 FIRE, RESCUE, OR EMERGENCY SERVICES IN AN AREA COVERED UNDER A STATE OF
24 EMERGENCY DECLARED BY THE GOVERNOR UNDER ARTICLE 16A, § 6A OF THE CODE
25 BY:

26 (I) A NONPROFIT ORGANIZATION NOT REGISTERED TO DO
27 BUSINESS IN THE STATE AND NOT OTHERWISE DOING BUSINESS IN THE STATE; OR

28 (II) A STATE, COUNTY, OR POLITICAL SUBDIVISION OF A STATE,
29 OTHER THAN THE STATE OF MARYLAND.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
31 effect July 1, 2004 and shall be applicable to all taxable years beginning after
32 December 31, 2003.

